

Annual Report

Manawatu-Wanganui LASS Ltd.
For the year ended 30 June 2018

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Entity Information

Manawatu-Wanganui LASS Ltd. For the year ended 30 June 2018

Legal Name of Entity

Manawatu-Wanganui LASS Ltd. (MW LASS Ltd.)

Entity Type and Legal Basis

MW LASS Ltd is a Public Limited Liability Company Incorporated and registered under the Companies Act 1993 and is a Council-Controlled Organisation as defined in section 6 of the Local Government Act 2002. MW LASS Ltd. is an exempt Council Controlled Organisation.

Entity's Purpose or Mission

The primary objective is to provide benefit to Councils and their staff through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation. The vision is to:

- Promote collaboration between Councils in the Manawatu-Wanganui Region in delivery of all services but particularly support services.
- Recognise that collaborative services can only be provided with the support and involvement of staff.
- That staff involved in the delivery of services have expert knowledge which can benefit the process.
- Capitalise on the the opportunities provided by technology to improve service delivery.
- To aspire to excellence and best practice in all services provided.

Entity Structure

The Company comprises of a Board of eight directors. The Board oversee the governance of MW LASS Ltd.

Main Sources of Entity's Cash and Resources

Funds are received by way of levies from each Council. These levies are set annually in the Operational Plan. MW LASS Ltd. also has user-pays services.

Outputs

MW LASS Ltd.'s outputs are to enable the provision of shared services to any or all local authorities within the Manawatu-Wanganui Region. MW LASS Ltd. may also sell 'shared' processes and systems as set up under individual agreements to local authorities outside the Region.

Pursue all opportunities to procure shared services that will benefit the community in the widest sense, through enhanced back office services and/or reduced costs for Councils.

For the 2017-18 year MW LASS continued to offer the following shared services of:

Health and Safety, internal audit, debt collection and archiving for the region.

The debt collection unit has continued to grow and this year collected \$2.7million of debt. Four non-member councils enlisted their debt with the unit this year, taking the non-member councils currently engaging with the debt unit to seven.

Shared procurement has continued, the key areas being insurance, ERoads, shared valuation database and a portal collaboration.

MW LASS will continue to look for ways to create efficiencies in either shared procurement or services.

Directors Report

Manawatu-Wanganui LASS Ltd. For the year ended 30 June 2018

State of Affairs

The year ended 30 June 2018 was the eighth full year of operations. The net result for the company was a surplus of \$35,574 after tax for the year.

Financial Statements

The financial statements required by Section 67 of the Local Government Act 2002 (LGA (2002)), together with the audit report required by Section 69 of the LGA (2002), are attached hereto.

Directors

The following directors were in office at the end of the year. Numbers in brackets refer to board meetings attended, compared to the numbers of meetings available.

B.P.King	(5/5)	(Tararua District Council)
M.J.McCartney	(5/5)	(Horizons Regional Council)
A.R.McNeil	(5/5)	(Rangitikei District Council)
D.Clapperton	(3/5)	(Horowhenua District Council)
K.A.Fell	(4/5)	(Whanganui District Council)
C.A.Manley	(5/5)	(Ruapehu District Council)
C.N.O'Connell	(5/5)	(Independent)
R.G.Templer	(5/5)	(Manawatu District Council)

Mr C.N. O'Connell, an independent Director, received remuneration of \$8,500 during the year (last year \$9,500). No other Director received any remuneration or other benefits in their capacity as Directors of the company during the financial year.

Registered Office

C/- Horizons Regional Council, 11-15 Victoria Avenue, Palmerston North, 4410.

Auditors

Audit New Zealand on behalf of the Controller and Auditor General

Directors Insurance

The company has arranged Directors' and Officers' liability insurance cover for \$5 million with AON NZ Insurance to indemnify the Directors against a loss as a result of actions undertaken by them as Directors provided they operate within the law.

Interest Register

No entries were made in the interest register during the year. With the exception of Mr C. N O'Connell, all of the Directors are Chief Executives of their respective Councils. Mr O'Connell has no dealings with MW LASS Ltd., other than in his capacity as a Director.

Statement of Compliance and Responsibility

In terms of the Local Government Act 2002 and the Companies Act 1993, the Board of Directors is responsible for the preparation of Manawatu-Wanganui LASS Limited's financial statements and to assist the company to meet its objectives.

The Board of Directors of Manawatu-Wanganui LASS Limited has the responsibility for establishing and has established a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board of Directors' opinion, these financial statements fairly reflect the financial position and operations of Manawatu-Wanganui LASS Limited for the year ended 30 June 2018.

Signed on behalf of the Board of Directors:

_____ M.J. McCartney

_____ A.McNeil

Date : 17 September 2018

Statement of Financial Performance

Manawatu-Wanganui LASS Ltd. For the year ended 30 June 2018

	NOTES	2018	2017
Revenue			
Administrative Revenue			
Fixed Council Levies Income		-	87,817
Interest Income		61	184
Total Administrative Revenue		61	88,001
Project Revenue			
Archives Central	1	392,421	392,503
Debt Management Central	2	302,059	269,404
Health & Safety	3	132,973	-
Internal Audit	4	48,240	-
Shared Services	5	269,195	510,175
Total Project Revenue		1,144,888	1,172,082
Total Revenue		1,144,949	1,260,083
Expenses			
Administrative Expenditure			
Accounting & Audit		18,459	16,367
Administration, Accommodation & Travel National		4,244	814
Advertising		180	120
Bank Fees		150	232
Board Expenses		12,217	13,507
Executive Officer & Secretary		15,000	15,000
Insurance		6,652	29,577
Office Expenses		794	-
Other Staff Costs		24,254	33,717
Printing & Stationery		686	23
Recruitment Expenses		-	4,350
Sundry Expenses		-	3,525
Motor Vehicle Expenses		417	529
Total Administrative Expenditure		83,053	117,761
Project Expenditure			
Archives Central	1	360,926	352,231
Debt Management Central	2	247,222	236,279
Health and Safety	3	114,360	-
Internal Audit	4	68,662	-
Shared Services	5	230,026	549,557
Total Project Expenditure		1,021,196	1,138,067
Total Expenses		1,104,249	1,255,828
Surplus/(Deficit) before Taxation		40,700	4,255

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

	NOTES	2018	2017
Taxation			
Taxation	6	5,126	-
Surplus/(Deficit) after Taxation		35,574	4,255

The accompanying notes form part of these financial statements; all figures are exclusive of GST unless otherwise stated

Statement of Financial Position

Manawatu-Wanganui LASS Ltd.

As at 30 June 2018

	NOTES	30 JUN 2018	30 JUN 2017
Assets			
Current Assets			
Bank Accounts and Cash	7	174,522	61,074
Debtors	8	43,457	364,153
Prepayments		61,764	61,471
Goods and Services Tax		20,517	-
Resident Withholding Tax Paid		17	49
Total Current Assets		300,277	486,747
Non-Current Assets			
Property, Plant and Equipment			
Property Plant and Equipment at Cost	9	178,029	104,310
Less Accumulated Depreciation on Property, Plant and Equipment	9	(50,618)	(34,585)
Total Property, Plant and Equipment		127,411	69,725
Total Non-Current Assets		127,411	69,725
Total Assets		427,688	556,472
Liabilities			
Current Liabilities			
Creditors and Accrued Expenses	10	189,612	308,713
Employee Entitlements		12,330	12,204
Goods and Services Tax		-	36,647
Income in Advance		49,267	49,267
Debt Holding Account	11	4,520	18,382
Income Tax	6	5,126	-
Total Current Liabilities		260,855	425,213
Total Liabilities		260,855	425,213
Total Assets less Total Liabilities (Net Assets)		166,833	131,259
Accumulated Funds			
Capital Contributed by Owners or Members	12	112,000	112,000
Accumulated Surpluses or (Deficits)	12	54,833	19,259
Total Accumulated Funds		166,833	131,259

Statement of Cash Flows

Manawatu-Wanganui LASS Ltd. For the year ended 30 June 2018

	2018	2017
Cash Flows from Operating Activities		
Receipts from providing goods or services	1,409,303	1,261,069
Interest, dividends and other investment receipts	61	184
GST	(20,106)	49,844
Payments to suppliers and employees	(1,205,345)	(1,300,244)
Sundry Revenue	3,224	5,422
Income Tax	49	(792)
Interest Withholding Tax Paid	(17)	(49)
Total Cash Flows from Operating Activities	187,169	15,434
Cash Flows from Investing and Financing Activities		
Payments to acquire property, plant and equipment	(73,721)	(8,819)
Total Cash Flows from Investing and Financing Activities	(73,721)	(8,819)
Net Increase/ (Decrease) in Cash	113,448	6,615
Cash Balances		
Cash and cash equivalents at beginning of period	61,074	54,459
Cash and cash equivalents at end of period	174,522	61,074
Net change in cash for period	113,448	6,615

Statement of Accounting Policies

Manawatu-Wanganui LASS Ltd.

For the year ended 30 June 2018

Reporting Entity

Manawatu-Wanganui LASS Ltd. (MW LASS Ltd.) is an exempt Council Controlled Organisation (CCO), owned equally by six District Councils and one Regional Council in the Manawatu-Wanganui Region. MW LASS Ltd. was incorporated on 21 October 2008, and commenced trading after 30 June 2009. MW LASS Ltd. was primarily incorporated for the purposes of a local authority shared services facility, and has designated itself a Public Benefit Entity (PBE), in keeping with the designations of member shareholders.

The Financial Statements are those of MW LASS Ltd., for the year ended 30 June 2018 and were authorised for issue by the Board of Directors on 17 September 2018

Public Benefit Entity Simple Format reporting

MW LASS Ltd. qualifies for Public Benefit simple Format Reporting - Accrual (PBE-SFR-A) on the basis that the Company is not publicly accountable (as defined) and has total annual expenses of less than \$2 million.

Basis of Preparation

The Financial Statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period. The Financial Statements have been prepared on a historical cost basis. All transactions in the Financial Statements are reported using the accrual basis of accounting.

Statement of Compliance

The financial Statements of MW LASS Ltd. have been prepared in accordance with the requirements of the Local Government Act 2002 and the Companies Act 1993, which include the requirement to comply with the New Zealand Generally Accepted Accounting Practice (NZGAAP).

The Financial Statements comply with Tier 3 PBE Standards.

Presentation Currency and Rounding

The Financial Statements have been prepared in New Zealand dollars and there will be rounding in the numbers in the financial statements, as the financial model used calculates to the cent but the annual report is rounded to the nearest dollar.

The functional currency of MW LASS Ltd. is New Zealand Dollars (NZD).

Changes in Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

There have been no significant changes in accounting policies.

Capital Management

MW LASS Ltd.'s capital is its equity (or member Councils' Funds), which comprise retained earnings. This is represented by MW LASS Ltd's. net assets.

The activities of MW LASS Ltd. are governed by its Board of Directors which requires MW LASS Ltd. to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings, prudently, and in a manner that promotes the current and future interests of the members councils. This approach is confirmed through the Operational Plan.

MW LASS Ltd's Operational Plan also identifies the accounting principles, activities and annual budgets, and sets out the sources and level of funding necessary to achieve these.

There are no imposed capital requirements that MW LASS Ltd. is subject to.

Summary of Significant Accounting Policies

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Members Contributions and Other forms of Revenue (excluding investment revenue), including fees, charges, and other revenues are recognised on an accrual basis, in proportion to the stage of completion at balance date.

Interest Revenue is recorded as it is earned.

Expenditure

Expenditure is recognised on an accrual basis when the service was provided, or the goods received.

Bank Accounts and Cash

Bank accounts and cash include; cash on hand, on demand or call deposits, other short-term deposits with original maturities of three months or less, and bank overdrafts.

Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

Goods and Services Tax (GST)

MW LASS Ltd. is registered for GST; these financial statements are presented net of GST, except for receivables and payables which are inclusive of GST. Where GST paid is not recoverable, due to it relating to exempt items, the GST inclusive amount is recognised as part of the related asset or expense including the GST relating to investing and financing activities.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or recovered from, the Inland Revenue Department is recognised as an item in operating cash flow in statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

Income tax expenses calculated using the taxes payable method. As a result no allowance is made for deferred tax. Tax expenses includes the current tax liability and adjustments to prior year tax liabilities.

Creditors and Accrued Expenses

Creditors and accrued expenses are measured at the amount owed.

Property, Plant and Equipment

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probably that future economic benefits or service potential associated with the item will flow to MW ASS Ltd., and the cost of the item can be measured reliably. In most instances, such items are recognised at cost. Where an asset is acquired at no, or nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying value of the asset. Gains and losses on disposals are included in the statement of financial performance. Where revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets, are transferred to retained earnings.

Depreciation

Operation assets as listed below are depreciated on the straight-line basis at rates that will write off the cost (or valuation) less their estimated residual values, over their useful lives, as follows;

Communication, computer and heating equipment 5-20 years

Furniture, fittings and leasehold improvements 6-15 years

Other Assets - Plant & Machinery 10 years

Other Assets - Equipment and Electronics (other) 8-12.5 years

Leases

Operating leases

An operating lease is a lease that does not transfer automatically all the risks and rewards incidental to ownership of an asset. Where MW LASS Ltd. is the lessee, lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

Impairment of Non-Financial Assets

Assets that have a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where there is an indicator of impairment, the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell, and its value in use.

Notes to the Performance Report

Manawatu-Wanganui LASS Ltd. For the year ended 30 June 2018

2018 2017

1. Archives Central Project Revenue and Expenditure

Revenue

Copying Revenue	88	507
Levies Revenue	370,265	378,256
Rent Revenue	18,844	13,180
Sundry Revenue	3,224	560
Total Revenue	392,421	392,503

Expenditure

Conferences & Workshops	751	212
Consultants Expenses	2,425	38
Depreciation	11,889	9,718
IT	19,415	11,380
Meetings	-	130
Other Staff Costs	7,446	4,640
Packaging & Storage Items	13,939	10,409
Printing And Stationery	4,762	7,295
Property Expenses	162,526	162,524
Staff Costs	135,565	142,773
Subscriptions	513	504
Supplies	1,660	1,516
Tools & Equipment (Non Capital)	-	715
Vehicle Running Costs	35	377
Total Expenditure	360,926	352,231

2018 2017

2. Debt Management Central Revenue and Expenditure

Revenue

Commission	273,751	245,412
Member Contributions	-	22,000
Sundry Income	28,308	1,992
Total Revenue	302,059	269,404

Expenditure

Bank Fees	1,626	1,442
Consulting & Agency Fees	13,849	32,897
Depreciation Expense	4,145	4,145
Furniture & Equipment	-	1,158
Information/Subscriptions Expense	2,013	270
IT/Computing Costs	1,225	201
IT Software	3,895	5,538
Management Overhead	1,785	3,132

Photocopying & Stationery	9,193	9,921
Staff Expenses	170,098	164,865
Sundry Expenses	16	17
Travel Costs	794	786
Vehicle Running	890	1,591
Telecommunications	739	1,736
Legal Proceedings Expense	30,269	-
Building Overhead	6,685	8,580
Total Expenditure	247,222	236,279
	2018	2017

3. Health and Safety Revenue and Expenditure

Revenue

Levies Income	123,128	-
Health & Safety Sundry Revenue	9,845	-
Total Revenue	132,973	-

Expenditure

Salary	94,820	-
Consultancy Expense	16,387	-
Printing And Stationery	20	-
Overheads	3,133	-
Total Expenditure	114,360	-
	2018	2017

4. Internal Audit

Revenue

Service Fees	48,240	-
Total Revenue	48,240	-

Expenditure

Salary	48,140	-
Leave Expense	8,099	-
ACC Levies	107	-
Kiwisaver	1,698	-
Building Overhead	2,748	-
It/Computing Costs	409	-
Sundry Expenses	3,843	-
Telecommunications	380	-
Travel Costs	2,790	-
Vehicle Running	448	-
Total Expenditure	68,662	-
	2018	2017

5. Shared Services Project Revenue and Expenditure

Revenue

Acuity Database Services Income	25,788	25,788
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Aerial Photography Income	-	70,244
Collaboration Portal Revenue	28,000	11,667
Eroads - Revenue	88,663	82,912
Health & Safety Project Income	-	54,933
Regional Procurement Project Income	2,667	7,625
Shared Services Income - Members	(1,715)	145,210
Shared Valuation Database - Members Income	59,120	59,120
Shared Valuation Database - Non Members Income	63,093	52,676
Sundry Expense Reimbursement	1,950	-
Sundry Revenue	1,629	-
Total Revenue	269,195	510,175

Expenditure

Share Services Expenses	-	145,210
Shared Valuation Database Expenses	59,120	59,120
Acuity Database Services Expenses	51,576	51,576
Aerial Photography Expenses	-	136,514
Collaboration Portal Expenses	28,000	11,667
Eroads - Expense	88,663	82,912
Health & Safety Project Expenses	-	54,933
Regional Procurement Project Expenses	2,667	7,625
Total Expenditure	230,026	549,557

2018 2017

6. Income Tax Liability**Income Tax**

Current Tax	5,126	-
Adjustments to Current Tax in Prior Years	-	-
Total Income Tax	5,126	-

Relationship between Current Income Tax Expense and Accounting Surplus**Net Surplus/(deficit) before Tax**

Current Year Earnings	40,700	4,255
Total Net Surplus/(deficit) before Tax	40,700	4,255

Total Relationship between Current Income Tax Expense and Accounting Surplus	(40,700)	(4,255)
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Tax at 28%	11,396	1,191
Plus/(Less) Tax effects of Temporary adjustments	(2,395)	17,591
Plus/(Less) Tax effects of unrecognised tax losses	(3,875)	(18,782)

Current Income Tax Expense

Current Income Tax Expense	5,126	-
Total Current Income Tax Expense	5,126	-

All tax losses carried forward from the prior year of \$13,838 have been utilised and offset against the taxable income.

2018 2017

7. Bank Accounts and Cash

Call Account	90,458	23,214
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Cheque Account	79,452	19,265
Debt Recovery Account	4,462	18,445
Petty Cash Account	150	150
Total Bank Accounts and Cash	174,522	61,074
	2018	2017

8. Trade and Other Receivables

Accounts Receivable	43,457	343,616
Accrued Revenues	-	20,537
Total Trade and Other Receivables	43,457	364,153

The Accounts Receivable figure includes \$32,164.01 of Related Parties (last year \$336,269)

9. Property, Plant and Equipment

	Furniture and Fittings	Computer and Software	Other Assets	Total
Carrying amount as of 1 July 2017	47,341	19,763	2,621	69,724
Additions	73,721	-	-	73,721
Work In Progress	-	-	-	-
Disposals (net of accumulated depreciation)	-	-	-	-
Depreciation Expense	(8,753)	(6,645)	(636)	(16,034)
Carrying amount as of 30 June 2018	112,308	13,118	1,985	127,411

	Furniture and Fittings	Computer and Software	Other Assets	Total
Carrying amount as of 1 July 2016	48,544	29,700	3,259	81,503
Additions	2,084	6,069	-	8,153
Work In Progress	-	(6,069)	-	(6,069)
Disposals (net of accumulated depreciation)	-	-	-	-
Depreciation Expense	(3,207)	(9,937)	(638)	(13,863)
Carrying amount as of 30 June 2017	47,341	19,763	2,621	69,724

2018 2017

10. Creditors and accrued expenses

Accounts Payable	176,272	177,190
Accrued Expenses	13,340	131,523
Total Creditors and accrued expenses	189,612	308,713

11. Debt Holding Account

The Debt Holding Account of \$4,520 (last year \$18,382) reflects the balance of the Debt Recovery bank account which relates to money collected by Debt Management Central and is to be paid onto the appropriate Council customer to which the debt was collected on behalf of. \$3,704 (last year \$9,170) is held on hand for related parties.

	2018	2017
12. Equity		
Capital contributed by owners or members		
Opening Balance	112,000	112,000
Total Capital contributed by owners or members	112,000	112,000
Accumulated Funds		
Opening Balance	19,259	15,004
Accumulated surpluses or (deficits)	35,574	4,255
Total Accumulated Funds	54,833	19,259
Total Equity	166,833	131,259

There are 112 shares of no par value on issue. All rights to vote, alter the constitution, appoint and remove directors, approve amalgamation and major transactions participate in distributions, and share in any surplus assets, attach equally to all of the shares on issue.

13. Related Parties

Related-party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the entity would have adopted in dealing with the party at arm's length in the same circumstances.

	2018	2017
14. Commitments		
Commitments to lease or rent assets		
Less than, and up to one year	133,248	133,248
Two to five years	532,992	532,992
Greater than five years	566,304	699,552
Total Commitments to lease or rent assets	1,232,544	1,365,792

As at balance date MW LASS Ltd. has an operating lease commitment as Lessee totalling \$1,232,544 covering the balance of a 15 year lease of Feilding premises from the Manawatu District Council for the MW LASS Ltd. building, (Last year \$1,365,792). This commitment is summarised in the table above.

15. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 30 June 2018 (Last year - nil).

16. Events After the Balance Date

There were no events that have occurred after the balance date that would have a material impact on the Performance Report (Last year - nil).

17. Specific Disclosures

There was no staff receiving remuneration in excess of \$100,000. (last year nil)

MW LASS Ltd. recognised audit fees of \$8,688 (last year \$8,553) for the 2017-2018 annual report and accounts.

Statement of Intent

Manawatu-Wanganui LASS Ltd. For the year ended 30 June 2018

As MW LASS Ltd. (the Company) is an exempt Council Controlled Organisation, no reporting under this subject is required.

(At the Directors' meeting on 23 May 2016, it was resolve that all member Council's confirm the exemption of Manawatu-Wanganui LASS Limited from being a Council Controlled Organisation (CCO) for a further three years to 30 June 2019.)